

STATEMENT OF PURPOSE

RS21258C1

Idaho is one of two states that transfer ownership of unclaimed property to the state without providing a method for its rightful owner to reclaim the property. Idaho law provides that property is escheated, or transferred to public ownership, after ten years. This bill eliminates the escheat provisions for all but two types of unclaimed property: certain property that is constitutionally required to be paid to the public school endowment fund; and, property with unidentified ownership.

This bill authorizes the State Treasurer to establish rules for redemption procedures, and extends the redemption period for unclaimed property that is constitutionally required to be paid to the public school endowment fund for known owners or their heirs from 5 to 10 years. The amendments also clarify and update reporting requirements regarding unclaimed property, and simplify transfer requirements from the unclaimed property account to the general account by requiring, as needed, but at least an annual rather than a monthly transfer.

This bill restores personal property rights to our citizens and their heirs who presently lose property to the state only because of passage of time and lack of knowledge about the property.

FISCAL NOTE

The current total amount of all unclaimed property held is \$66.9 million. An average of approximately \$2,000,000 is permanently escheated to the general fund annually. This represents that property which has gone 10 years without being claimed. This money would continue to be transferred, but would be subject to redemption. After 10 years, the number and amounts of redemption are relatively small. For example, last year property held for eight years was redeemed in the amount of \$53,676; property held for nine years was \$41,584; and after 10 years it was \$19,951. With generally declining redemptions over time, it is estimated that aggregate redemptions after the 10 year period would average 1 to 3 percent of the transfer amount, or a range from \$20,000 to \$60,000 per year as against the approximately \$2,000,000 that would be transferred into the general fund. The average would therefore be an estimated negative to the general fund of \$40,000 per year.

Property constitutionally required to escheat to the Public School Endowment fund averages approximately \$30,000 annually. The extension from 5 to 10 years in transferring these funds to the endowment fund will modestly increase interest earnings to the General Fund (e.g. \$3,000 annually assuming a 2% interest rate on \$150,000) and decrease earnings of the endowment (e.g. \$10,000 annually assuming a 7% rate of return) over the 5 year period of delay.

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